

## 295 - RETIREE MEDICAL INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Retiree Medical Internal Service fund (ISF) provides for benefits under the Retiree Medical Insurance Program. Benefits include a monthly retiree medical grant to be applied to the health premiums of eligible retirees, and a lump sum cash benefit to separated employees not eligible to retire.

#### Strategic Goals:

- Fund 295 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

#### FY 2006-07 Key Project Accomplishments:

- The County successfully negotiated changes to the retiree medical program with 95% of the labor organizations. The changes were implemented which significantly reduced the unfunded liability while retaining a restructured retiree medical program.
- Beginning in FY 06-07, County received reimbursement from Centers for Medicare and Medicaid Services (CMS) for prescription subsidies (Medicare Part D) available to some of the County's health plans on behalf of its retiree health plan participants.

#### Ten Year Staffing Trend Highlights:

- This Internal Service Fund has no positions.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Fund 295 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs. Fund 295 is being converted to Trust as part of the retiree medical restructuring.

#### At a Glance:

Total FY 2006-2007 Projected Expend + Encumb:	23,070,459
Total Recommended FY 2007-2008	81,049,308
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Recommended Base Budget:

The budget assumes Retiree Medical Grants, reimbursement for Medicare Part B premiums and 1% Lump Sum payments will be paid from Fund 295 until the Retiree Medical Trust is established. The budget also includes all County and employee contributions for the Retiree Medical Program. Once the Retiree Medical Trust fund is established, it is anticipated that the expenses and revenues will flow through the Trust rather than Fund 295.

### Proposed Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual	Budget As of 3/31/07	Projected <sup>(1)</sup> At 6/30/07	Recommended	Projected Amount	Percent
Total Revenues	58,199,247	66,672,235	70,995,822	81,049,308	10,053,486	14.16
Total Requirements	20,060,254	66,672,236	23,070,459	81,049,308	57,978,849	251.31
Balance	38,138,993	(1)	47,925,363	0	(47,925,363)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2006-07 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Retiree Medical Internal Service Fund in the Appendix on page A712

### Highlights of Key Trends:

- The Retiree Medical Insurance Program Grant funding is higher compared to FY 06-07 based upon increases in the number of retirees, increases in Medicare Part B premiums, and increases in the monthly Retiree Medi-

cal Grant as the result of higher health premium costs. County contribution is higher compared to FY 06-07 due to retiree medical restructuring.

## 295 - Retiree Medical Internal Service Fund

### Operation of Internal Service Fund 295 Operational Statement for the Fiscal Year 2007-2008

Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING INCOME</b>					
7710	Insurance Premiums	17,105,688	28,392,463	29,778,944	29,778,944
<b>Total Operating Income</b>		17,105,688	28,392,463	29,778,944	29,778,944
<b>OPERATING EXPENSES</b>					
Services & Supplies					
1800	Office Expense	360	32,000	32,000	32,000
1900	Professional and Specialized Services	163,755	295,767	141,526	141,526
1911	CWCAP Charges	88,015	81,840	81,840	81,840
Total Services & Supplies		252,130	409,607	255,366	255,366
Other Charges					
3510	Other Charges - Operating	19,772,047	22,609,574	80,729,142	80,729,142
Total Other Charges		19,772,047	22,609,574	80,729,142	80,729,142
<b>Total Operating Expenses</b>		20,024,177	23,019,181	80,984,508	80,984,508
<b>Total Operating Income (Loss)</b>		(2,918,489)	5,373,282	(51,205,564)	(51,205,564)
<b>NON-OPERATING REVENUE</b>					
6610	Interest	1,623,533	2,322,083	2,395,000	2,395,000
7640	Federal - Health Administration	0	2,112,087	950,000	950,000
7670	Miscellaneous Revenue	36,067	30,196	0	0
<b>Total Non-Operating Revenue</b>		1,659,600	4,464,366	3,345,000	3,345,000
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	36,077	51,278	64,800	64,800
<b>Total Non-Operating Expenses</b>		36,077	51,278	64,800	64,800
<b>Net Non-Operating Income (Loss)</b>		1,623,523	4,413,088	3,280,200	3,280,200
<b>Income (Loss) Before Contributions &amp; Transfers</b>		(1,294,967)	9,786,370	(47,925,364)	(47,925,364)
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
Income (Loss) Before Contributions & Transfers		(1,294,967)	9,786,370	(47,925,364)	(47,925,364)
Increase (Decrease) in Net Assets - Unrestricted		(1,294,967)	9,786,370	(47,925,364)	(47,925,364)
<b>Net Assets - Unrestricted - Beginning of Year</b>		39,433,961	38,138,994	47,925,364	47,925,364
<b>Net Assets - Unrestricted - End of Year</b>		38,138,994	47,925,364	0	0

